

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1852 - SB 1849

February 27, 2011

SUMMARY OF BILL: Eliminates licensing exemption for licensed electrical contractors who install duct alarm system detectors on HVAC systems. Eliminates the requirement that entities or individuals qualifying for the exemption derive less than 50 percent of their gross annual revenue from the alarm system business. Limits the licensing exemption to mechanical or HVAC contractors who install duct detectors on HVAC systems.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue - \$150,000/FY11-12
\$43,100/FY13-14 and Subsequent Years**

Increase State Expenditures - \$5,000/One-Time

Other Fiscal Impact – The one-time increase in expenditures of \$5,000 will be funded with current fee revenue. As of June 30, 2010, the Alarm Systems Contractors Board had a reserve balance of \$194,993.

Assumptions:

- According to the Department of Commerce and Insurance, Alarm Contractors Board, all previously excluded licensed electrical contractors engaging in alarm systems contracting will be required to obtain a license.
- The Board estimates license applications from 150 alarm companies, 150 alarm qualifying agent applications, and 300 alarm employees.
- According to the Department, the license fees are \$550 for an alarm company, \$250 for an alarm qualifying agent, and \$100 per alarm company employee.
- Beginning January 1, 2012, there will be a one-time increase in state revenue of \$150,000 [(150 alarm companies x \$550 fee) + (150 alarm qualifying agents x \$250 fee) + (300 employees x \$100 fee)].
- License renewals will begin in FY13-14. The Board estimates 150 alarm company renewals with a fee of \$250, 150 qualifying agent renewals with a fee of \$250, and 150 employee renewals with a fee of \$75.
- The recurring increase in state revenue will be \$43,125 {[(150 alarm companies x \$250 fee) + (150 agents x \$250 fee) + (150 employees x \$75 fee)]/2 years} beginning in FY13-14.

- The Board will incur a one-time increase in expenditures of \$5,000 for a rule-making hearing. The Board has adequate reserves to pay for the one-time rule-making hearing, and will not raise fees.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. The Tennessee Alarm Systems Contractors Board had a closing balance of \$87,585 for FY08-09, a closing balance of \$107,408 for FY09-10, and a total year-end reserve balance of \$194,993 as of June 30, 2010.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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